

AMENDMENTS TO THE CLAIMS

Please cancel claims 4, 7-10 and 15, amend claims 1, 5, 11-14 and 16 and add claims 17-25 as indicated among the following complete set of pending claims:

Claim 1. (Currently Amended) A method of conducting a lottery comprising the steps of:

(1) determining a jackpot prize for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased;

(2) offering non-insured tickets for the lottery game to ticket purchasers at a first price, and tax insured tickets for the lottery game to ticket purchasers at a second price higher than the first price;

(3) paying a first amount to each holder of a non-insured winning lottery ticket, said first amount [less than] equal to said ticket purchaser's share of said jackpot; and

(4) paying a second amount to each holder of [an] a tax insured winning lottery ticket, said second amount equal to [or greater than] said ticket purchaser's share of said jackpot plus at least a portion of the taxes payable on said ticket purchaser's share of said jackpot.

Claim 2. (Original) The method of claim 1 wherein said second payout time occurs immediately after said insured winning lottery ticket is identified.

Claim 3. (Previously Canceled).

Claim 4. (Canceled).

Claim 5. (Currently amended) The method of claim [4] 1 further including the step of offering a [payout] tax insurance upgrade for sale at a first upgrade price to a purchaser of a non-insured lottery ticket, said [payout] tax insurance upgrade converting said non-insured lottery ticket to a [payout] tax insured lottery ticket, said [payout] tax insurance upgrade available for purchase until a cutoff time, said cutoff time prior to said payout time.

Claim 6. (Original) The method of claim 5 wherein said first upgrade price is equal to the difference between said first price and said second price.

Claims 7-10. (Canceled).

Claim 11. (Currently amended) A method of conducting a lottery comprising the steps of:

(1) determining a cutoff point for said lottery, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount [ordinarily available] payable in full [only] to non-payout insured, winning ticket purchasers by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount [ordinarily available] payable in full in a single lump sum payment;

(2) immediately paying in full said small payout amount to a winner of said small payout amount;

(3) immediately paying in full [at least] said large payout amount to a [winner of said large payout amount provided said winner of said large payout amount purchased insurance for said lottery] payout insured winning ticket purchaser.

Claim 12. (Currently amended) The method of claim 11 [wherein said insurance may be one or both of payout insurance and tax insurance] further comprising immediately paying an amount equal to at least a portion of the winning ticket purchaser's taxes due to a purchaser of a tax insured winning ticket.

Claim 13. (Currently Amended) A method of conducting a lottery comprising the steps of:

(1) distributing lottery tickets to lottery participants for a lottery game, said tickets including tax insured tickets and non-insured tickets;

(2) determining whether a particular ticket is a paying ticket for the lottery game;

(3) [immediately] paying [at least a full] the award amount plus an additional amount equal to at least a portion of the taxes payable on the award amount if the paying ticket is tax insured[, regardless of the award amount]; and

(4) [immediately] paying [less than a full portion of] the award amount without an additional amount for taxes if the paying ticket is non-insured[and the award amount is greater than a predetermined amount].

Claim 14. (Currently amended) The method of claim 13 [wherein full award amount is paid regardless of the number of participants in said lottery] further comprising immediately paying at least the full award amount if the paying ticket is payout insured, regardless of the award amount.

Claim 15. (Canceled).

Claim 16. (Currently Amended) A method of conducting a lottery comprising the steps of:

(1) selling payout-insured and non-insured lottery tickets for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased and for which a prize cutoff point is established, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount [ordinarily available] payable in full [only] to non-insured, winning ticket purchasers by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount [ordinarily available] payable in full in a single lump sum payment; and

(2) immediately paying in full to a holder of [an] a payout-insured paying lottery ticket [any prize said insured paying lottery ticket is entitled to, without regard for the amount of said prize] regardless of whether the paying lottery ticket is entitled to a large payout amount or a small payout amount.

Claim 17. (New) The method of claim 16, wherein the full award amount is paid to the holder of the payout-insured paying lottery ticket regardless of the number of participants in the lottery.

Claim 18. (New) The method of claim 16, wherein purchasers select at least one number combination for each lottery ticket purchased.

Claim 19. (New) The method of claim 16, further including the steps of:

- (3) selling tax-insured and non-tax insured lottery tickets for the lottery game;
- (4) awarding to a holder of a tax-insured paying ticket an amount equal to the prize amount plus an amount equal to at least a portion of the taxes for the prize; and
- (5) awarding to a holder of a non-tax-insured paying ticket an amount equal to the prize amount without any additional amount for taxes.

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Claim 20. (New) The method of claim 16, further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a non-insured lottery ticket, said payout insurance upgrade converting said non-insured lottery ticket to a payout insured lottery ticket.

Claim 21. (New) The method of claim 19 further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a payout insured lottery ticket, said tax insurance upgrade converting said payout insured lottery ticket to a tax and payout insured lottery ticket.

Claim 22. (New) The method of claim 19, further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a non-tax insured lottery ticket, said tax insurance upgrade converting said non-tax insured lottery ticket to a tax insured lottery ticket.

Claim 23. (New) The method of claim 13, further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a non-insured lottery ticket, said payout insurance upgrade converting said non-insured lottery ticket to a payout insured lottery ticket.

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Claim 24. (New) The method of claim 13 further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a tax insured lottery ticket, said payout insurance upgrade converting said tax insured lottery ticket to a tax and payout insured lottery ticket.

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Claim 25. (New) The method of claim 13, further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a non-tax insured lottery ticket, said tax insurance upgrade converting said non-tax insured lottery ticket to a tax insured lottery ticket.
